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UNCLAS BANGKOK 002985

SIPDIS

FOR PM/DTCC - BLUE LANTERN COORDINATOR

E.O. 12958: N/A
TAGS: ETTC KOMC TH
SUBJECT: BLUE LANTERN PRE-LICENSE END USE CHECK ON LICENSES
050190040, 050190045, 050190058, 050190070, AND 050190074

REF: STATE 98729

¶1. (U) According to the Thai Ministry of Commerce, Raja Firearms Partnership, Ltd. was listed.

Registration No. 0103508008460
Registered Date: October 12, 1965
Status: Limited Partnership
Capital Registration: 5,000,000 baht
Partners: Vijay Sachdev, with an investment of 2,200,000 baht
and Kurada San Singh, with an investment of 2,800,000 baht
The managing partner is Vijay Sachdev.
Company Location: 45, Burapha Rd., Wang Burapha Phirom
Sub-District, Phra Nakhon, Bangkok
The company has submitted annual financial reports for
1999-2008.
Purpose of Company: To manufacture and sell of weapon
detection equipment and hand grenades.

¶2. (U) Raja Firearms was listed in the Phone Directory with
the phone numbers as stated reftel. However, the house number
registered in the directory was 41, not 45 as stated reftel.

¶3. (U) We visited Raja Firearms twice; first on October 9, at
the shop in Wang Burapha Phirom, and second on October 19, at
its administrative office on Sukhumvit road. The shop was
located as addressed (Note: house no. 45), in an area known
for firearm shops. The shop was two-connecting shophouses
with the upper floors used as living quarters. The shop was
busy with many customers. Five employees were present but
they referred us to meet with Vijay Sachdev, who primarily
works at the administrative office on Sukhumvit Road.
Sachdev met with us at his office on the ninth floor of a
condominium building called Grand Mercure. This building was
part of the family business, and was located at No. 50,
Sukhumvit Road, Soi 19, North Khlong Toei Sub District,
Wattana District, Bangkok.

¶4. (U) Cable inquiries:

- When was your company established and who are its
principals?

Response: Raja Firearms was established in December, 1965
with two principals as stated in the business registration.
The shop at Wang Burapha Phirom area is the sales office and
the Sukhumvit office is for administration. Raja Firearms
has 8 other branches/networks, namely: Chan Firearms; Nakhon
Luang Firearms; GP Inter Arms; Thai Union Firearms; Kampanat
Firearms; Nanthaphon Firearms; Kurada San Singh Firearms; and
Pistol Master Co., Ltd. (Each branch has a firearm permit,
one permit allows an import and sale of not more than fifty
rifles, thirty pistols, and a portion of ammunition per

year).

- What is your role in these transactions?

Response: Raja Firearms has signed two contracts with the Bureau of Investigation and Legal Affairs for the order/import of firearms: Sig Sauer - numbering 43 pieces for the first contract (No. 19 Part 1) and 1,178 pieces for the second contract (No. 19 Part 2), on behalf of the Bureau, for domestic sale and use by Thai government officials under the Welfare Project of the Department of Provincial Administration. These lots of firearms must be delivered to the Bureau for distribution to buyers by July 22, 2012. Some ten to twenty other firearm companies have also obtained this type of contract with the Bureau with varies of quotas. These contracts are special firearm quotas, specifically approved by the Interior Minister.

- Is your company receiving any fees or commission for your services in this transaction?

Response: Yes, like other business, Raja receives the gains from selling these firearms. Firearms under this Welfare Project are cheaper than those purchased in the regular market (roughly 30 - 40 percent cheaper). The sales price was determined by the Bureau prior to the signing of contracts, not by the firearms shops.

- Are you familiar with the regulations governing the import of US-origin defense articles, including restrictions on re-transfer or re-export?

Response: Yes, Raja Firearms imports and sells many U.S. and European-origin firearms, such as Sig Sauer, Remington, Walther, Fiocchi, and Mannlicher-Steyr. The company complies with both foreign and Thai laws regarding firearms. The company signs DSP-83s: End-User Certificate to present to the US authority to acknowledge and certify the said regulations. Import, sales, and buyer information records will be kept by both the Bureau and Raja, both in hard copy and in a computer system. Per the Welfare Project's regulations, a gun purchased under this project cannot be transferred to other person within 5 years after delivered to the origin buyer.

- What is the ultimate end-use for the firearms you will provide to Bureau of Investigation and Legal Affairs?

Response: This is the Department of Provincial Administration Welfare Project, organized by the Department Bureau of Investigation and Legal Affairs, to supply firearms to government officials of all state agencies/ministries nationwide who are qualified and willing to purchase firearms on their own. Potential buyers must register and pay for their firearms in advance at the Bureau or at Raja Firearms. What Raja has written in its purchase orders to the US manufacturers with copy to the Bureau is: "We, Raja Firearms Ltd., Part., certify that the products in this order will be used to serve duty of Welfare Project of Investigation and Legal Affairs Bureau Department of Provincial Administration use within Thailand only."

- Does your company have any input or involvement in the process by which the Bureau determines who will receive a firearms?

Response: No, it is solely the Bureau's determination and regulations. As stated above, the potential buyers must be state officials and register in advance with the Bureau. Ordinary citizens are not allowed in the project. Most of buyers (approximately 80 percent are police, military, and territorial defense personnel. Others are civilian law enforcement personnel, such as drug suppression officials, Ministry of Interior officials, Ministry of Justice officials, park and forestry officials, and lastly state education personnel in the Deep South who are affected by the southern insurgency. They buy their own personal weapons since state-issued firearms are inadequate and some are

relatively old and unreliable, or some officials are not subjected to the government-issued firearms (such as teachers). These firearms will be used in their government capacity and personal protection.

- How did the Bureau describe the ultimate end-use of these firearms to your company? Please provide any documentation you received from Bureau of Investigation and Legal Affairs that describes the ultimate end-user of these firearms.

Response: The documents from the Bureau to Raja Firearms stated: We further confirm that the above goods will be supplied to and used in the service of the Investigation and Legal Affairs Bureau Department of Provincial Administration and will not be transferred nor re-exported to any other country out of Thailand without the prior written authorization of the Government of USA.

- How did you describe the ultimate end-use of these firearms to the U.S. vendor? Please provide any documentation you sent to the U.S. vendor that describes the ultimate end-use of these firearms.

Response: The documents from Raja Firearms to the U.S. vendor certifying the ultimate end-user of these firearms stated: "We, Raja Firearms Ltd., Part., certify that the products in this order will be used to serve duty of Welfare Project of Investigation and Legal Affairs Bureau Department of Provincial Administration use within Thailand only."

- Please explain why these firearms were ordered via five separate purchase orders instead of one.

Response: There are three main reasons.

¶1. The Bureau's limited storage space. If thousands of firearms were to arrive at the same time, the Bureau would not have enough space to store them. They must be gradually ordered and imported, temporarily stored at the Bureau pending documentation and distribution, and then gradually distributed to the buyers. Raja would not store these weapons since it does not have enough space. The imported

weapons would be transported directly from Thailand's port of entry to the Bureau's storage facility.

¶2. Costs to the company: This is about financial and risk management. To order a larger number of firearms at one time, the company has to advance money for purchase, transport, and tax. In the case of loss, it would cause significant damage. With a smaller number of purchases, the company is better able to manage money and items.

¶3. Manufacturer capacity: With a larger purchase order at one time, the manufacturer may not be able to produce and deliver as contracted. The purchase order would be based on the manufacturer's capability. In addition, according to Thai law, the firearms ordered/imported each time must arrive Thailand altogether in one lot. If ordered in a larger lot and the manufacturer was unable to complete it, the whole lot of that order would be put on hold, which will consequently damage the company's business flow.

¶5. (U) Inquiry to Bureau of Investigation and Legal Affairs:

The Bureau is a governmental agency under Department of Provincial Administration, Ministry of Interior. We visited on October 30 and met officials in charge of firearm shop registration, firearm registration, and the Welfare Project's contracts.

- Can the Bureau confirm the order of the firearms listed on these license applications?

Response: They all confirmed the orders of all firearms listed in the Cable. It is Department of Provincial Administration Welfare Project, organized by their Bureau.

- For what will these firearms be used?

Response: They will be principally used for protection of the buyers. Additionally, for many, they are also for their function as government officials and law enforcement officers.

- Who will be the ultimate end-users?

Response: They are all kinds of government and state officials from agencies nationwide, as well as those holding political and local administrative positions. Approximately 80 - 90 percent of the end-users are police and military officers. The remaining are civilian anti-crime and narcotic officers, Ministry of Interior officers, elected village/sub-district heads and their security-duty personnel, elected provincial and sub-district organization administrators, Members of Parliament and Senators, territorial defense personnel, and teachers in the violent-plagued Southern region; etc.

- Will these firearms be used in the official duty of the Bureau or any other agency of the Government of Thailand?

Response: As all buyers are the government officials, with majority of them in the security and law enforcement careers, these firearms will be used in their official duties. For those not in that field, the firearms will be privately used for their personal safety and protection. These firearms are privately purchased by the buyers. These firearms are regarded as the private property, not government-funded procurement and not regarded as state property.

- Please describe the process by which the Bureau determines who will receive one of these firearms.

Response: The buyers or the participants in this Welfare Project must be the government officials with additional qualifications provided by the 1947 Firearms Act, Section 13.

They have to register their order with the Bureau or Raja Firearms in advance and pay for their firearms by installments or in full at one time. After the qualification examinations and the arrival of the firearms, they will have to present at the Bureau with all related documents to pick up their weapons. Originally, this Welfare Project was solely for Interior officials of Ministry of Interior. It was later expanded to police and military personnel, then to government officials as approved by the Director-General of the Provincial Administration Department.

- How many firearms have you distributed via the welfare

program this year? Please provide detailed records on who received firearms via this program.

Response: The Welfare Project started in February, 2009 with the first shipment and firearms distribution to the buyers in May, 2009. On average, approximately one hundred firearms are distributed to the buyers each week. They estimated that, by the end of October, 2009, over 6,000 firearms of all brands/types had been distributed.

- How many firearms have been distributed via the welfare program in the past year?

Response: None, the Bureau had organized the project in February 2009. Weapons purchased previously may have been through the Department of Provincial Administration Welfare Project which was organized by Bureau of the Territorial Defense Volunteers Administration, which is another agency under Department of Provincial Administration, Ministry of Interior.

- Please explain the large quantity of firearms the Bureau has received from the U.S. manufacturers since May 1, 2009 (approximately 10,506 firearms). Are all of these firearms for the welfare program?

Response: During February to October, 2009, the Bureau has ordered 38 lots, totaling 77,441 pieces of all brands. Approximately 10-15 percent are U.S.-origin. All firearms are for the Welfare Program.

- Have there been any other major procurement efforts for firearms during the past six months?

Response: Yes, as stated above.

- Please provide any documentation that you provided Raja Firearms in these transactions.

Response: Documents presented for my examination and filing, see below.

- How did you describe the ultimate end-use of these firearms to Raja Firearms?

Response: As to the Bureau's official letters, titled 'End User Certificate', sent to the Raja Firearms (Ref. MOI 0307.5/243, 244, 245, 246, and 247, dated August 13, 2009): "We further confirm that the above goods will be supplied to and used in the service of the Investigation and Legal Affairs Bureau Department of Provincial Administration and will not be transferred nor re-exported to any other country out of Thailand without the prior written authorization of the Government of USA."

- What role does Raja Firearms in these transactions?

Response: Raja has obtained firearms contracts from the Bureau. It then made the orders of these firearms on behalf of the Bureau.

- Will the company receive any fees or commissions from the Bureau for its services in these transactions?

Response: Raja Firearms will receive its gains from selling these firearms. It may also receive, they assumed, some incentive or reward from the foreign manufacturers for arranging a large sale in Thailand. The firearms in this Welfare Project are roughly 50 percent cheaper than the normal market prices. The sale prices are based on the negotiation between the Bureau and the Raja Firearms prior to signing the contracts. The Bureau does not pay any fees or commissions to the Raja.

- Please explain why these firearms were ordered via five separate purchase orders instead of one.

Response: 1. By the 1947 Firearms Act, Section 60, a Permit for Order/Import of Firearms can be used only once, and the firearms ordered under that Permit must arrive in Thailand in one lot at one time. With one larger order, if the firearms do not arrive together in one time for whatever reasons, that Permit will be put on hold or void, and it will cause damages to the persons/companies involved. It is better to order in smaller numbers.

¶2. An order/import will normally be made when the company has received a practical number of purchase applications and amount of money paid for the firearms at a certain period of time. It is impractical to wait until all purchase applications have been received, and the order/import shall then be made.

¶3. With a larger order at a time, the foreign manufacturers may be unable to produce and deliver the products as contracted. Among the above-mentioned 38 lots of purchases, 1,000 - 3,000 pieces of firearms are ordered/imported at a time.

- Have any of previously imported firearms been re-exported out of Thailand?

Response: Not that they are aware of.

- Will any of the firearms in the five licenses listed be re-exported out of Thailand?

Response: No, Thai law also prohibits as such.

- By what means these firearms will be distributed?

Response: The Bureau will distribute these firearms to the buyers. They have to be present personally, or authorize a representative, together with all related documents, to pick up their firearms at the Bureau.

- What entity is responsible for maintaining inventories and security of these items?

Response: This Bureau, as the state agency overseeing firearms registration in Thailand, is responsible for maintaining the inventories and movement of these firearms, assisted by district offices nationwide. For security, it is the direct responsibility of the buyers since these firearms are private property. In case of the loss of firearms, the buyers have to report to the Bureau for record and to the police for investigation. In case of unauthorized re-export or re-transfer, it is police responsibility to investigate when a case comes up.

- Please estimate an appropriate quantity of firearms to be imported by the Bureau.

Response: They estimate approximately 100,000 pieces of firearms, with about 10-15 percent of U.S. origin. There are several million government officials in total.

- Is Raja Firearms properly authorized to import and sell defense articles in Thailand?

Response: Affirmative, this Bureau is supervising its registration, licensing, and operations.

- Do you have any information on Raja Firearms that would question their reliability as a recipient of US defense articles?

Response: None, as to the Bureau's records. They were also personally not aware of any derogatory information toward Raja Firearms.

16. (U) Documentation Review:

Based on reftel list of documents and request for review, both Raja Firearms and the Bureau provided documents. All documents presented by both sides are in consistent to those listed in the Cable.

1A. DTC Case - 050190040: Sig Sauer, Model P239, 9 mm, 248 pieces. Permit No. PK 110 1/2552, Raja Firearms Purchase Order No. 090930, and Department of Provincial Administration End User Certificate to the Raja and the U.S. manufacturer (Ref. MOI 0307.5/245, dated 08/13/2009).

1B. DTC Case - 050190045: Sig Sauer, Model SP2022 PRO, 9 mm, 259 pieces. Permit No. PK 1103/2552, Raja Firearms Purchase Order No. 090920, and Department of Provincial Administration End User Certificate to the Raja and the U.S. manufacturer (Ref. MOI 0307.5/247, dated 08/13/2009).

1C. DTC Case - 050190058: Sig Sauer, totally 87 pieces. There are actually three separate permits for this case.

- Model Mosquito, .22 Caliber, 42 pieces, under Permit PK 1097/2552
- Model P220, .45 Caliber, 8 pieces, and Model P250, .45 Caliber, 3 pieces, under Permit PK 1098/2552
- Model P232, .380 Caliber, 27 pieces, and Model P238, .380 Caliber, 7 pieces, under Permit PK 1099/2552

The above Permits, Raja Firearms Purchase Order No. 090950, and Department of Provincial Administration End User

Certificate to the Raja and the U.S. manufacturer/authority
(Ref. MOI 0307.5/243, dated 08/13/2009).

1D. DTC Case -050190070: Sig Sauer, Model P226, 9mm, 34 pieces, and Model P229, 9mm, 351 pieces, totaling 385 pieces. Permit No. PK 1102/2552, Raja Firearms Purchase Order No. 090910, and Dept of Provincial Administration End User Certificate to the Raja and the US manufacturer/authority (Ref. MOI 0307.5/246, dated 08/13/2009).

1E. DTC Case -050190074: Sig Sauer, Model P250, 9mm, 62 pieces, and Model P229, 9 mm, 180 pieces, totaling 242 pieces. Permit No. PK 1100/2552, Raja Firearms Purchase Order No. 090940, and Department of Provincial Administration End User Certificate to the Raja and the U.S. manufacturer/authority (Ref. MOI 0307.5/244, dated 08/13/2009). Total of 1,221 pieces.

Raja Firearms and the Bureau additionally supplied copies of two contracts signed between them regarding the purchases of firearms listed ref tel. The first one is Contract No. 19 Part 1, dated July 22, 2009, for the order/import of 690 firearms, which, in its Appendix, 43 of them will be the 'Sig Sauer'. The second one is Contract No. 19 Part 2, dated July 22, 2009, for the order/import of 2,500 firearms, which, in its Appendix, 1,178 of them will be the 'Sig Sauer'. Grand Total of the firearms contracted above: 1,221 pieces.

JOHN